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COTTON
PROSPECTS.

Am. Cotton

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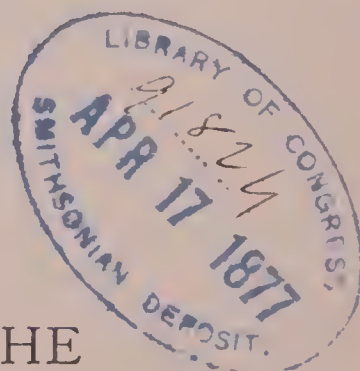
COTTON PROSPECTS.

An examination of the points of advantage peculiar to the Cotton-growing interest in the Southern States.

PRESENTED BY THE

SOUTHERN FERTILIZING COMPANY,

RICHMOND, VA.



nied by a temporary recovery in values; but these have afforded but little benefit to the market, while by raising false hopes and expectations they have rather aggravated than ameliorated the feeble condition of the trade. The upshot has been a slow, anxious, and, for the most part, unremunerative business; not so disastrous as in previous seasons, but still so unsatisfactory that balance sheets, if not exhibiting a loss of more or less importance, do not show any profit of moment; for prices have been considered so safe that even the gains derived in a falling market by selling for forward delivery have been much smaller than in previous seasons.

COURSE OF THE MARKET, OCTOBER 1, 1875, TO OCTOBER 1, 1876.

Our market opened quietly on the 1st October, 1875, with Middling Upland at $6\frac{3}{4}$ d per lb.—the lowest price touched since before the American war. The current opinion was that if no immediate recovery took place there was no need to apprehend any very serious decline. The prevalence of this view of the situation led to rather extensive operations in Manchester during the first half of October, and to corresponding activity here, resulting in an advance of $\frac{3}{8}$ d. to $\frac{1}{2}$ d. in American, and $\frac{1}{8}$ d. to $\frac{1}{4}$ d. in other descriptions upon the previous lowest sales; confidence being further strengthened by the receipt of less glowing crop accounts than those previously at hand. Middling Uplands quoted $7\frac{1}{8}$ d. on October 14th, *the highest price of the season*. Buyers, however, having supplied their wants, declined to follow the advance, and for the ensuing four weeks the demand fell off, and prices gave way fully $\frac{1}{4}$ d. per lb. This decline, and less liberal American receipts than had been counted upon, induced a better demand between the middle of November and the middle of December; but holders sold so freely that prices did not gain more than $\frac{1}{8}$ d. per lb. for American, while long staples slightly receded. Then came larger receipts, accompanied by increased crop estimates; and the general opinion at the close of the old year was that if the receipts did not immediately show a very marked reduction, crop estimates would be increased, and current views about the course of the market would be materially changed.

These anticipations were fully realized: the receipts kept up, crop estimates rose to $4\frac{1}{2}$ millions, and people began to talk of 6d for Middling Upland as amongst the certainties of the immediate future. Spinners, therefore, purchased sparingly, especially as they were receiving a large quantity of Cotton from week to week direct from the quay; business in Manchester was almost stagnant, owing to the serious decline in the Indian exchanges occasioned by the unexpected fall in the price of silver; and between December 16th and March 1st prices gave way about 1d. per lb. in American, $1\frac{1}{2}$ d. in Egyptian, and $\frac{1}{2}$ d. to $\frac{5}{8}$ d. in Brazils and Surats. At times the market was quite demoralized, and fears were entertained that so great a fall would be followed by serious embarrassments amongst importers and speculators; but as a matter of fact nothing alarming happened. Middling Upland was now easily purchaseable at 6d per lb. on the spot, and at $5\frac{7}{8}$ landing. This fall to the ideal bottom of the market brought in buyers, and between the 1st and 6th of March a large business was done at an advance of $\frac{1}{4}$ d. to $\frac{3}{8}$ d. per lb. There was then a slight pause followed by renewed activity, which continued until Middling Upland was quoted (March 22) $6\frac{9}{16}$ d. on the spot, and $6\frac{13}{16}$ d. for distant delivery. Manchester partially responded to the advance, owing to more satisfactory advices from the Eastern markets; but the rise in Yarns and Goods was considerably less than the advance in Cotton, and by the end of March both markets had become dull and inactive.

From the end of March to the close of the first week in July the business doing in both Cotton and Cotton products was of the most retail character, and the tendency of prices

downwards, except one week in June, in which the sales reached 73,000 bales, and prices advanced $\frac{1}{8}$ d. to $\frac{3}{16}$ d. Besides the interruption to trade caused by the depreciation in the value of silver, and the consequent unsettled state of the Eastern exchanges, the markets were adversely influenced by the growing seriousness of affairs in Turkey. With a diminished desire to buy came an increased desire to sell, and the consequence was that prices fell from $6\frac{9}{16}$ d. for Middling Upland on the 22nd March to 6d. on the 20th May ($5\frac{3}{4}$ d. landing) and though there was a reaction of $\frac{3}{16}$ d. in June, the fall recommenced and did not stop until the opening days of July, which witnessed $5\frac{3}{4}$ d. on the spot and $5\frac{9}{16}$ d. landing, *the lowest prices of the season*. The most desponding view was then taken of the future; short-time meetings were held throughout the manufacturing districts; and it was doubted whether the decline in Cotton would be arrested even at $5\frac{1}{2}$ d. for Middling Upland.

The extreme depression, however, only lasted for a few days, and as July advanced confidence began to regain strength. During the last ten days of the month, orders, to a considerable extent, were placed in Manchester, and as they were taken at very low prices, spinners at once became very extensive purchasers of the raw material. The activity continued until the middle of August, resulting in an advance of $\frac{1}{2}$ d. per lb. upon the low sales made five weeks previously. In Manchester the advance in Shirtings on the previous depressed sales was $4\frac{1}{2}$ d. to $7\frac{1}{2}$ d. per piece, according to weight. After so large a business, and so important an advance, a pause was only natural. During the second half of August the demand was exceedingly small, and prices lost about half of the advance just quoted. There was a slight recovery in the first week of September, owing to stronger American advices; but with a reduced demand, a slow market in Manchester, and the threatening look of Turkish affairs, the improvement was more than lost during the subsequent fortnight—Middling Upland sinking to $5\frac{7}{8}$ d. The fall once more induced a large business in Manchester, and this led to an extensive demand here, the sales for the last week of the season reaching 87,000 bales, including 75,000 to spinners; but the demand was so freely met that prices did not gain more than $1\frac{1}{16}$ d., except low American, which advanced $\frac{1}{8}$ d. Middling Upland closed at $5\frac{15}{16}$ d.,— $\frac{3}{16}$ d. higher than the lowest, $1\frac{3}{16}$ d. lower than the highest, and $\frac{1}{16}$ d. lower than the opening quotation of the season.

IMPORTS AND STOCKS.

The Imports and Stocks of the whole of Europe compare as follow in 1,000's of bales:

IMPORT.	American.	E. Indian.	Brazil.	Egyptian.	Smyrna.	W. I., &c.	Total.
1875-'76,	3,206	1,220	402	464	107	113	5,512
1874-'75,	2,653	1,544	562	347	94	170	5,370
Increase,	553	.....	.....	117	13	.....	142
Decrease,	.....	324	160	.....	...	57	.....
Stocks, Sept. 30.							
1876,	570	312	162	65	21	38	1,168
1875,	496	488	107	65	27	43	1,226
Increase,	74	.....	55	...	...	...	.....
Decrease,	.....	176	.....	...	6	5	58

DELIVERIES FOR SIX SEASONS.

The following is a comparative statement of the deliveries during the past six seasons, in 1,000's of bales, with the weight in lbs.:

GREAT BRITAIN.

	Amer.	E. India.	Brazil.	Egypt.	Sundries.	Total.	Average Weight.	Total Weight. Lbs.
1875-'6,	1,948	479	238	298	54	3,017	421	1,270,287,000
1874-'5,	1,606	668	461	245	97	3,077	389.6	1,198,838,000
1873-'4,	1,701	660	413	285	90	3,149	394	1,240,706,000
1872-'3,	1,654	737	509	306	129	3,335	384	1,280,640,000
1871-'2,	1,412	658	668	239	155	3,132	360	1,127,520,000
1870-'1,	1,925	558	379	241	119	3,222	392	1,263,024,000

CONTINENT.

	Amer.	E. India.	Brazil.	Egypt.	Sundries.	Total.	Average Weight.	Total Weight. Lbs.
1875-'6,	1,184	916	109	166	178	2,553	402	1,026,374,000
1874-'5,	981	947	154	85	174	2,341	382	894,262,000
1873-'4,	1,021	874	187	91	196	2,369	377	893,113,000
1872-'3,	890	790	231	101	181	2,193	366	802,638,000
1871-'2,	671	726	298	65	221	1,981	350	693,350,000
1870-'1,	1,118	753	212	96	186	2,365	380	898,700,000

ALL EUROPE.

	Amer.	E. India.	Brazil.	Egypt.	Sundries.	Total.	Average Weight.	Total Weight. Lbs.
1875-'6,	3,132	1,395	347	464	232	5,570	412.3	2,296,661,000
1874-'5,	2,587	1,615	615	330	271	5,418	386.3	2,093,100,000
1873-'4,	2,722	1,534	600	376	286	5,518	386.7	2,133,819,000
1872-'3,	2,544	1,527	740	407	310	5,528	376.8	2,083,278,000
1871-'2,	2,083	1,384	966	304	376	5,113	356.1	1,820,870,000
1870-'1,	3,043	1,311	591	337	305	5,587	386.9	2,161,724,000

The average weekly deliveries in bales were as follows :

GREAT BRITAIN.

	1875-'6.	1874-'5.	1873-'4	1872-'3.	1871-'2.	1870-'1.
American, . . .	37,468	30,885	32,711	31,808	27,154	37,019
East Indian, . . .	9,220	12,846	12,692	14,173	12,654	10,731
Other kinds, . . .	11,337	15,422	15,154	18,154	20,423	14,211
Total, . . .	58,025	59,173	60,557	64,135	60,231	61,961

CONTINENT.

American, . . .	22,773	18,865	19,635	17,115	12,904	21,500
East Indian, . . .	17,607	18,212	16,807	15,192	13,961	14,481
Other kinds, . . .	8,719	7,942	9,116	9,866	11,231	9,500
Total, . . .	49,099	45,019	45,558	42,173	38,096	45,481
Grand total, . .	107,124	104,192	106,115	106,308	98,327	107,442

The *average weights* for last year have been adjusted in accordance with the figures published by the Cotton Brokers' Association in December. The average weight of American packages consumed this year we have taken at 441 lbs., against 439 lbs. last year; and of East Indian 380 lbs., against 378 lbs. for Great Britain, and 367 lbs. against 360 lbs. for the Continent. The average weight of Egyptian we take at 602 lbs., of Brazil 160 lbs., and of West Indian, &c., 205 lbs. for both years; of Smyrna 370 lbs. for both years for Great Britain, and 350 lbs. for the Continent.

CONSUMPTION OF GREAT BRITAIN.

Twelve months since we estimated that English spinners held (in addition to ordinary working stock) about 8,000,000 lbs., or 20,000 bales of *surplus* cotton at the mills. They held about the same surplus at the close of last month, acquired chiefly in the last week of the month, in which week the deliveries from Liverpool reached 75,000 bales, against an average consumption of 58,000 bales. The deliveries for the season may therefore be taken as representing the actual weight of Cotton spun, say 1,270,287,000 lbs., against our estimate of 1,265,000,000 lbs. put forth a year ago. Subjoined is a comparative statement of the weight of Cotton delivered, and the estimated weight consumed in each of the past four seasons:

	Actual Weight Delivered.	Estimated Weight Consumed.	Surplus Lbs.	Deficit Lbs.
1872-'73,	1,280,640,000	1,227,453,000	53,187,000	.....
1873-'74,	1,240,706,000	1,259,836,000	.....	19,130,000
1874-'75,	1,198,838,000	1,224,377,000	.....	25,539,000
1875-'76,	1,270,287,000	1,270,287,000	.....	.....

Leaving a net surplus of 8,518,000 lbs. at the mills. It is supposed that there were no surplus stocks on hand at the opening of 1872-'73. The number of spindles in the United Kingdom at the end of 1874 was 37,515,000, exclusive of doubling spindles. From 1,250,000 to 1,500,000 have since been added, and a large number of old spindles have been replaced by new.

CONSUMPTION OF THE CONTINENT.

The rate of increase in the consumption of the Continent, in 1873-'4 and 1874-'5, was about five per cent. per annum. A year since, the prevalent opinion was, that the increase in 1875-'6 would not exceed three per cent.; but owing partly to the extensive use of American in place of East Indian Cotton, and partly to the larger production of the lower counts of Yarn, the increase has really reached about five per cent., say about 961,143,000 lbs. against 915,375,000 last year. It is supposed that Continental spinners held no surplus stocks at the close of 1872-'3. The movements since that date are shown in the following table:

	Actual Weight Delivered.	Estimated Weight Consumed.	Surplus Lbs.	Deficit Lbs.
1873-'74,	893,113,000	872,000,000	21,113,000	.....
1874-'75,	894,262,000	915,375,000	.....	21,113,000
1875-'76,	1,026,374,000	961,143,000	65,231,000	.....

This surplus of 65,231,000 lbs. is equal to 158,000 bales of 412 lbs. each—the average weight of last year's import into the whole of Europe.

An estimate, based on the consumption per spindle in each country, brings out a result not materially different from the foregoing computation:

	Number of Spindles.	Lbs. per Spindle.	Total lbs.	Bales of 400 lbs.	Average per week.
Russia and Poland, . .	2,500,000	60	150,000,000	375,000	7,212
Sweden and Norway, . .	305,000	65	19,825,000	49,562	953
Germany,	4,650,000	55	255,750,000	639,375	12,296
Austria,	1,555,000	67	104,185,000	260,463	5,009
Switzerland,	1,850,000	25	46,250,000	115,625	2,223
Holland,	230,000	60	13,800,000	34,500	663
Belgium,	800,000	50	40,000,000	100,000	1,923
France,	5,000,000	42	210,000,000	525,000	10,096
Spain,	1,750,000	46	80,500,000	201,250	3,870
Italy,	800,000	56	44,800,000	112,000	2,154
Total,	19,440,000	49.6	965,110,000	2,412,775	46,399

These figures show an increase of about $5\frac{1}{2}$ per cent. upon last year's estimated consumption. The weight of Cotton delivered was 1,026,374,000 lbs., or 61,264,000 lbs. more than the above estimated consumption. According to this computation, the surplus stock held by spinners at the end of September last was 148,000 bales of 412 lbs.

The average consumption per spindle has been ascertained mostly by dividing the deliveries for consumption for a series of years (as published by the various governments) by the number of spindles known to be in existence; but for Austria, Switzerland, Spain and Sweden the averages are the result of actual inquiries made in each country by our own correspondents. Next year we hope to have actual returns for the whole Continent. The number of spindles for some countries is larger, and for others smaller, than previously published, but they are more correct.

An estimate of stocks, based upon answers to the question, "Are the stocks of Raw Cotton at the mills larger or smaller than twelve months ago; and, if so, to what extent?" gives the following result:

Russia	20,000	to	25,000
Poland.....	6,000	"	8,000
Sweden, &c.....	8,000	"	13,000
Germany,*	40,000	"	60,000
Switzerland ..	5,000	"	10,000
Holland and Belgium.....	2,000	"	3,000
France.....	15,000	"	20,000
Italy.....	5,000	"	10,000
Total.....	101,000	"	149,000
In Spain there is no change of moment.			
In Austria there is a reduction, say.....	5,000	"	10,000
Showing a net total of.....	96,000	"	139,000

or an average excess of 117,500 bales. The stocks in most cases consist chiefly of American Cotton, in Switzerland mainly of Egyptian. The average weight will, therefore, exceed the 412 lbs. per bale upon which the estimates of 148,000 bales and 158,000, given above, are based; and, possibly, a fair estimate of the surplus on the Continent would be 125,000 to 150,000 bales. In this connection we may remark, that the stocks of Goods in first hands are also rather larger than a year since; though mostly smaller in the hands of retailers. We may state that the foregoing estimate of stocks held by spinners takes no account of the Cotton held by French spinners at Havre, nor of that held by French, German, Swiss, Russian and Swedish spinners on shipment and delivery contracts. The quantity of Cotton so held is considerable, though (except in a few individual instances) not so large as at this time last year.

CONSUMPTION OF THE UNITED STATES.

The quantity of Cotton taken by American spinners during the past season reached the unprecedentedly large total of 1,356,598 bales. This figure was quite 100,000 bales larger than had been calculated upon even up to the day on which the statement was published, and the result occasioned considerable surprise on both sides of the Atlantic. The general impression was that the quantity consumed had been only slightly larger than in the previous season, and this impression seemed to be justified by the constant complaints of bad

*Chiefly Alsace, Bavaria and Prussia.

trade uttered by producers during the greater portion of the past twelve months; but as a matter of fact the deliveries showed an increase of nearly 150,000 bales upon those of 1874-'5. Allowing for differences in the stocks in the Northern interior markets, and deducting the Cotton sent to Canada and that burnt, the deliveries during the past six seasons compare as follows, according to the *New York Financial Chronicle* :

	1870-'1.	1871-'2.	1872-'3.	1873-'4.	1874-'5.	1875-'6.
North.....	1,008,956	977,540	1,063,465	1,177,417	1,062,522	1,211,598
South.....	91,240	120,000	137,662	128,526	145,079	145,000
Total.....	1,100,196	1,097,540	1,201,127	1,305,943	1,207,601	1,356,598

The prevalent notion twelve months ago was that the small deliveries and depressed trade of 1875 were owing chiefly to over-production during the previous season; but it would now appear that the difficulty experienced in selling goods in 1874-'5 and the greater part of 1875-'6 was owing not so much to an actual reduction in consumption, as to the reduction of stocks in the hands of distributors, whereby producers were compelled to hold much larger stocks than usual. This accumulation of stock in the hands of producers was palpable and visible, but the reduction in the hands of distributors was unknown and unseen; and the accumulation at the mills was interpreted as the result not of a shifting of stocks from one set of shoulders to another, but of over-production. By degrees, however, the true position of affairs was discovered, and the current belief in America now is that the deliveries of the past season represent the actual consumption for home requirements and export. On this question the following remarks from the *New York Financial Chronicle*, of September 30th, are exceedingly interesting :

“It greatly surprised us at first to find that the North had taken so much the past year. But, on examination, we are convinced that there is no reason for surprise. These increased takings do not necessarily indicate any increase in yards of cloth manufactured, but rather of heavier weights. When Cotton is 10 to 12 cents per pound, the heavier fabrics become relatively the cheaper, and less of the waste is worked back into the cloth; it should be remembered, also, that the export movement for China, Africa, and South America also runs upon heavy fabrics. Besides these causes, further investigation shows the truth of what we stated in our crop report, that low prices quickly enlarge the uses of this staple. For instance, in worsted and woolen mills there has been a very decided increase in Cotton consumed the past two years; and knit goods, which were formerly 30 to 80 per cent. wool, are now almost wholly of Cotton. A correspondent, who is a dealer, writes that in this department the use of Cotton has increased 100 per cent. We thus have, in the main, the grounds for the large takings in the North of Cotton this year; and, with continued low prices, there is no reason why the requirements should not be further increased the coming twelve months. These facts are very encouraging to the Cotton grower and also to the manufacturer. In a year of constant depression and of restricted consumption, the largest quantity of Cotton ever used in the country has been taken and used, and has all gone into consumption; for there are substantially no stocks of staple goods in first hands at the present time, while manufacturers hold less than the average stocks of the raw material.”

The only conclusion to be drawn from this is that American spinners will require at least 1,350,000 bales, possibly 1,400,000 bales, during the season upon which we have just entered.

The number of spindles in the United States is about 9,500,000 to 9,600,000.

STATE OF THE COTTON INDUSTRY ON THE CONTINENT.

Early in September we forwarded printed forms containing the following list of questions to correspondents at every Cotton port and Cotton manufacturing district on the Continent :

1. What has been the character of the trade during the past season? Has it been satisfactory or otherwise; and what causes have influenced the course of trade?
2. What is the present state of the trade, and what are the prospects for the coming season?
3. What per cent. of increase has there been in the rate of consumption during the past season compared with the previous one?
4. Are the stocks of raw Cotton at the mills larger or smaller than they were twelve months ago? If so, to what extent?
5. Are the stocks of Yarns and goods larger than they were twelve months ago?
6. What increase, if any, has there been in the number of spindles in your country?

Two other questions were added, one asking for official or other documents giving the number of spindles in existence in each country; and another asking for the views of our correspondents on any matter of interest to the trade not included in the above queries.

The questions were sent to merchants, brokers, agents, spinners, manufacturers, and chambers of commerce. Special letters were also forwarded to the heads of the various government departments analogous to our Board of Trade, and to Her Majesty's Secretaries of Embassy, &c., at the various Courts.

A large number of replies have been received from each country, containing a vast amount of statistical and other information, of which we give below a brief analysis:

RUSSIA AND POLAND.

Past Season.—Moderately satisfactory during the first half, but unfavorable during the second half. Some loss experienced in consequence of the fall in prices. Business somewhat restricted, owing to the poor grain crop of last year, and to the monetary and financial difficulties and political apprehensions this year. Nevertheless, on the whole, the industry was not unprofitable, spinning paying better than weaving; and the stocks of goods have not greatly accumulated. Producers complain more of the inconvenience of the long credits (mostly 12 months) than of surplus stocks.

The number of spindles in Russia is estimated at 2,300,000, and in Poland 200,000, or a total of 2,500,000. The number at work last season was about 2,400,000. The average consumption is about 60 lbs. per spindle per annum. Stocks of Cotton at the mills rather larger than last year—say about 25,000 bales; but the surplus is chiefly in St. Petersburg, the mills in the Moscow district having, one with another, little more Cotton than twelve months since. Stocks of goods rather larger, but not very excessive; the surplus, unlike that of Raw Cotton, exists chiefly at Moscow.

Prospects.—The outlook is unfavorable at the moment, owing to the disturbed state of politics; but, if peace should be preserved, a large and profitable trade is confidently anticipated, as the demand for goods is certain to be stimulated by the unprecedentedly low prices.

SWEDEN AND NORWAY.

Past Season.—Very satisfactory, except the loss upon Cotton imports occasioned by the fall in prices which took place after the bulk of the purchases were made. Aside from the inroad made upon profits by this circumstance, business has been fairly remunerative. The good harvest, especially of oats, improved the demand for goods, particularly as the sales were below an average during the previous season. As usual when prices are low, the better qualities of goods have been in more request.

The total number of spindles in Sweden is about 245,000, including 25,000 added since January last year. In Norway there are about 60,000 spindles. The consumption averages

65 lbs. per spindle per annum. The stock of Cotton at the mills, &c., owing to an excessive import, is about 8,000 to 13,000 bales larger than last year. Some of our correspondents say that the stocks of yarns and goods are smaller than last year, others say that they are larger: on the whole there is perhaps not much change.

Prospects.—The season closes less favorably than it opened. Sales have been less easy of late than they were a short time back, and the outlook is not so good as the retrospect, owing to the less satisfactory character of the food crops, and the depression in the Timber and Iron trades: leading branches of the Swedish export business. Moreover, manufacturers are complaining of the competition of cheap Manchester goods.

GERMANY.

Number of Spindles.—The total number of spindles in Germany is variously estimated at from 5,000,000 to 5,200,000; but the result of our inquiries shows these figures to be excessive. Alsace is put down for 2,100,000, but 1,650,000 is nearer correct. We find that there are about 875,000 in Bavaria, 700,000 in all Prussia, 500,000 in Saxony, 350,000 in Baden, 315,000 in Wurtemberg, and 260,000 in Hanover, Oldenburg, &c.—in all about 3,000,000, which, added to 1,650,000 in Alsace, gives a total of 4,650,000. The average consumption for all Germany is about 55 lbs. per spindle per annum.

PRUSSIA.—Past Season.—Opened moderately satisfactory, but became worse, and ultimately bad, owing to diminished demand, general stagnation, over production, fall in prices—yarns and goods falling more than Cotton; English competition at “ridiculous prices;” Alsatian competition in consequence of mills there having gone on to lower counts of yarns and coarser goods; and political uneasiness in reference to Turkish affairs.

The number of spindles in all Prussia is estimated at 600,000 to 700,000. Improved machinery introduced into many mills. Stocks of Cotton larger than last year in some mills, smaller in others—net excess about 15,000 bales. Stocks of yarns and goods slightly larger.

Prospects.—At present dull, but business in general is on a sounder basis; prices are low; stocks, though larger than last year, are not excessive; food is cheap; and if the Eastern question were settled a brisk trade would promptly follow.

SAXONY.—Past Season.—Unsatisfactory—worse from month to month—owing to general dullness in trade; excessive American crop, and constant fall in prices; losses on direct imports; cheap offers of goods from Manchester “at prices never known before;” and political complications in Turkey.

The number of spindles in Saxony in 1872 was 459,194; since increased to about 500,000. Stocks of Cotton at the mills not larger than last year; possibly a little smaller. Stocks of goods smaller in some hands, but decidedly larger in others; on the whole greater than twelve months since, but not excessive.

Prospects.—The unfavorable conditions named above still continue, though in some cases less active. The low prices favor a better demand, and Manchester competition is less keen than a short time back. A settlement of the Turkish question would be followed by revived trade and some advance in prices.

BAVARIA.—Past Season.—Not so satisfactory as the previous season, but on the whole not bad, except towards the close, as manufacturers were mostly under contract until recently. Of late, however, the sales have fallen behind production.

The number of spindles in Bavaria is estimated at 875,000, including 30,000 added this season. Stocks of Cotton at the mills about 10,000 bales larger than last year. Stocks of goods larger at some mills, but smaller at others—slightly larger all round.

Prospects.—Not favorable, owing to supply of goods being in excess of demand; but a good trade anticipated provided peace be preserved.

BADEN.—*Past Season.*—Opened good, afterwards became unfavorable, owing to reduced demand, English competition, general dullness, and political uneasiness—result unsatisfactory to producers.

The number of spindles in the Grand Duchy is estimated at 330,000 to 350,000. Stocks of Cotton at the mills rather smaller than last year. Stocks of goods rather larger. Last year manufacturers had none; this year they have about one month's production.

Prospects.—Not favorable, owing to the low price which producers are compelled to accept in consequence of the competition of Manchester; but with settled politics it is thought that Manchester will find an outlet for her products elsewhere, and that the low prices will stimulate demand. There is some uneasiness amongst manufacturers owing to the talk of the import duties on Cotton being reduced.

WURTEMBERG.—*Past Season.*—First half pretty satisfactory; second half unfavorable, owing to sluggish demand, falling prices, English competition, and unsettled politics.

The number of spindles in Wurtemberg is estimated at 315,000. Stocks of Cotton at the mills about the same as last year: larger of American, but smaller of East Indian. Stocks of goods insignificant.

Prospects.—No improvement at present visible; but a good trade certain in the event of the Eastern question being pacifically settled.

ALSACE.—*Past Season.*—Satisfactory during the first quarter, but since very unfavorable, owing to miserable trade and finance in Germany, English competition, and political disquietude in the East. General results not very bad, but the season closes flat, owing to the accumulation of stocks. No increase in spindles, but more Cotton used owing to increased production of coarser yarns, and the increased use of American instead of East Indian.

The number of spindles in Alsace is variously estimated at from 1,500,000 to 1,750,000. An average of 1,650,000 agrees most nearly to the official returns. Stocks of Cotton at the mills one to three months' consumption (in a few instances still more); the average excess is at least 25,000 bales. Stocks of goods decidedly larger, especially of printers. One mill of 30,000 spindles built during the season.

Prospects.—Little chance of improvement until the Eastern question is settled and some amendment takes place in trade and finance in Germany.

AUSTRIA.

Past Season.—Unsatisfactory, owing to the crippled state of trade, insecurity of credit, and general want of confidence more or less prevalent since the crisis of 1873; to the previous over-production and the losses incurred by the constant fall in prices; to the competition of English products which have been sold at "ruinously low prices;" to the diminished demand from Hungary and Galicia, caused by the deficient grain crops; and to the uneasiness produced by the political disturbances in the East.

The total number of spindles in Austria is returned as 1,555,000, including about 740,000 in Bohemia, and 500,000 in the Vienna district. The consumption of Cotton was rather less in the Vienna district than last season, but about the same in the remainder of the Empire. The stock of raw Cotton at the mills is about 5,000 to 10,000 bales less than at this time last year; but the stocks of goods are somewhat larger.

Prospects.—There is some difference of opinion in the reports under this head; but on the whole a hopeful view is taken of the future. Rather more business has been doing

during the past month or so, and though the stocks of goods are larger at some mills than they were a year since, they are, on the whole, less than they were a few weeks back; while the stocks in the hands of retailers are much smaller than usual. Should the peace of Europe be preserved, it is expected that the low prices current will lead to a good trade during the coming season.

About 14,000 spindles idle last season and 15,000 new spindles will come into operation in 1876'-7, making a total of about 1,580,000 spindles. The average rate of consumption is about 67 lbs. per spindle per annum.

SWITZERLAND.

Past Season.—Very unsatisfactory, owing to the sluggish demand, the accumulation of stocks, the fall in prices, the ruinous competition of English yarns and goods in Switzerland and in countries to which Swiss goods are exported; the stagnation in trade, and consequent reduced expenditure everywhere; and the fear of a general war arising out of the Eastern question. The spinners of fine yarns—those using Egyptian Cotton—have been especially unfortunate.

The number of spindles in Switzerland is variously estimated at from 1,800,000 to 2,200,000; but a recent government count, made in view of the approaching negotiations for a new Treaty of Commerce, gives the exact number as 1,854,091, and this figure is considered to be more correct than the previous estimate. The average consumption is about 25 lbs. per spindle per annum. Stock of Cotton rather larger of American, much larger of Egyptian, but much smaller of East Indian; altogether perhaps 5,000 to 10,000 bales larger than last year. Stocks of yarns and goods, which were almost *nil* twelve months since, are now very large, but the excess consists chiefly of fine yarns and goods made from Egyptian Cotton. Stocks of medium and coarse products not very heavy.

Prospects.—With large stocks, a slow demand, fears of increased protective duties in Italy and France, Manchester competition at ruinously low prices, and disturbed politics, the out-look is very unpromising; but a settlement of the Turkish Question, and a diversion of the Manchester imports, would lead to a better state of things, especially as prices are very low, and the stocks in the hand of retailers in the principal markets small.

HOLLAND.

Past Season.—First half pretty satisfactory; second half barely remunerative. Dividends declared by two mills $7\frac{3}{4}$ per cent. and 6 per cent. respectively; these are said to be fairly representative results. Trade with the Dutch East Indies slow; many manufacturers, owing to production being in excess of demand, have been compelled to consign goods on their own account, always an unsatisfactory way of doing business. The fall in prices has occasioned considerable loss to holders and importers of the raw material.

The bulk of the imports of Cotton into Amsterdam and Rotterdam pass on to Germany, Switzerland, &c. The number of spindles in Holland is estimated at 230,000, including about 10,000 added this year. The average rate of consumption is about 60 lbs. per spindle per annum. The stocks of Cotton are rather larger than last year at some mills, but smaller at others. The stocks of Goods are decidedly larger at the mills, but smaller in the hands of distributors.

Prospects.—So far as the home trade is concerned the outlook is favorable, as prices are low and stocks in hands of retailers small but the export branch is exceedingly dull, and at the moment there are no signs of improvement. It is thought, however, that the low prices will before long bring about a more desirable state of things.

BELGIUM.

Past Season.—On the whole favourable, though less satisfactory of late owing to sales being less easily made in consequence of the competition of English Goods offered at low prices, which compels producers to accept less remunerative rates than those to which they have been accustomed.

The number of spindles in Belgium is estimated at 800,000. The average rate of consumption is about 50 lbs. per spindle per annum. The stocks of Cotton at the mills are rather larger than twelve months since. The stocks of Goods are also somewhat larger. A large portion of the imports of Raw Cotton passes into Germany, &c.

Prospects at the moment are not brilliant, owing to the depression which exists in most departments of industry, and to the threatening appearance of politics; but with a settlement of the Eastern Question, and the diversion of Manchester Goods which it is expected will follow that event, a very good trade is calculated upon, especially if prices should not materially advance.

FRANCE.

Past Season.—Opened favourably, but became less satisfactory as the year advanced, and closed sluggishly. First half of the season fairly remunerative to producers; second half unsatisfactory, owing to diminished demand and the competition of cheap Manchester fabrics, and to the losses on stocks of Cotton and Goods occasioned by constantly declining prices.

Total number of spindles in France in 1874, 4,941,000; since increased to about 5,000,000. Estimated number at work during the past season, 4,750,000. Average consumption, 42 lbs. per spindle per annum. Stock of Cotton at the mills 15,000 to 20,000 bales more than last year. Stocks of Goods rather larger than last year; but they were then very small.

Prospects.—Present appearances much less favourable than twelve months since, especially for weavers. Orders on the books rapidly running out; new ones coming in very slowly; nevertheless, current rates for Cotton and Goods show a moderate margin of profit. A really satisfactory trade considered impossible until English competition is diminished.

SPAIN.

Past Season.—More favourable than the previous one, owing to the cessation of the civil war, which has enabled manufacturers to get rid of their stocks, while the low prices have stimulated the demand generally, and helped producers to make fair profits.

The number of spindles in Spain is variously estimated at from 1,500,000 to 2,000,000. The balance of evidence is in favour of 1,750,000, including 1,550,000 in the province of Catalonia, which gets its supplies of Cotton from Barcelona. The average consumption is about 46 lbs. per spindle per annum. The stocks of Cotton at the mills do not materially vary from those of last year. The stocks of Yarns and Goods are smaller than last year.

Prospects.—A cheerful view is taken of the future, and with good food crops, an increased consumption of Cotton goods, at profitable prices to producers, is confidently expected, especially if no serious advance takes place in the value of the raw material.

ITALY.

Past Season.—Pretty favourable at the opening, but less satisfactory at the close, and on the whole not so good as the previous season, owing to the poor grain and bad silk crops.

Altogether spinners have done better than manufacturers; the sale of Piece Goods having been sluggish of late, owing to the reduced general demand and the competition of foreign, chiefly English fabrics, which have been offered at very low prices.

The total number of spindles in Italy is about 800,000. A mill with 30,000 spindles is in course of construction, and several others are about to be commenced. The consumption averages 56 lbs. per spindle. Stocks at the mills twelve months ago were greatly reduced; they are now, with a few exceptions, very large, probably 5,000 to 10,000 bales more than last year. The stocks of Yarns are little, if any, larger than last year. The stocks of Goods are everywhere considerably larger.

Prospects.—Less favourable than a year since, owing to accumulated stocks, slow demand, and foreign competition. Complaints are stronger from old mills than new. Many old mills are gradually adopting improved machinery. The hope is expressed in some quarters that the industry will be helped by increased duties on the renewal of the various Commercial Treaties.

REQUIREMENTS FOR 1876-'77.

In 1874-'5 the consumption of Great Britain was about 1,224,500,000 lbs., but there was a loss of about 19,500,000 lbs., owing to the stoppage of machinery at Oldham, &c., but for which the weight of Cotton spun would have reached 1,244,000,000 lbs. The consumption in 1875-'6 was 1,270,000,000 lbs., an increase of 2.1 per cent., on the full rate of 1874-'5. A similar increase in 1876-'7 would bring the total up to 1,297,000,000 lbs. As the stocks at the mills are insignificant, the whole of this Cotton will be required.

The consumption of the Continent during the past three seasons has shown an annual average increase of about 5 per cent. The weight spun in 1875-'6 was from 961,000,000 to 965,000,000 lbs. The weight delivered was 1,026,000,000 lbs., or 61,000,000 lbs. to 65,000,000 lbs. more than the consumption. The average of the extreme estimates of consumption was 963,000,000 lbs. An increase of 5 per cent. would give 1,011,000,000 lbs. as the probable consumption in 1876-'7, which, less 63,000,000 lbs. surplus stocks now on hand, would give 948,000,000 lbs. as the requirements for the new season, supposing the stocks at the mills to be reduced to the level of twelve months ago. If we say that the stocks at the mills are only 61,000,000 lbs., the requirements in 1876-'7 will be 1,013,000,000 lbs., minus 61,000,000, or 952,000,000 lbs. If the consumption of the past season did not exceed 961,000,000, and the stocks left on hand reached 65,000,000, the requirements for the new season will be 1,009,000,000 lbs., minus 65,000,000, lbs., or 944,000,000 lbs.

According to the foregoing calculations, therefore, the requirements for Europe for 1876-'77 are—

For Great Britain.....	1,297,000,000 lbs.
For the Continent (minimum).....	1,009,000,000 lbs.
Less surplus Stock.....	65,000,000 lbs.—944,000,000 lbs.
<hr/>	
Total for Europe (5,602,500 bales of 400 lbs. each).....	2,241,000,000 lbs.

PROSPECTS OF SUPPLY.

It is universally admitted that the present American crop is smaller than the past one; but there is a wide difference of opinion as to the extent of the deficit. The serious error

made in the estimated acreage led every one astray, and there is, therefore, no confidence in the figures published this year. Whatever may have been the extent of the area sown last year, however, all authorities are agreed that less was put under cultivation this year, the estimated decrease varying from 1 to 3 per cent. It is unanimously agreed, also, that the average condition of the crop is worse, and consequently that the average production per acre will be less this season than last. Taking reduced acreage and diminished productiveness into account, the estimates of the total yield vary from 4,000,000 and 4,500,000 bales, but the majority range between 4,150,000 and 4,350,000; and altogether 4,250,000 has more adherents than any other single estimate. To be on the full side we shall take the yield at 4,350,000 bales. Out of this American consumers will require 1,400,000 (some authorities say 1,450,000); this will leave 2,950,000 bales for export to Europe, against 3,253,000 bales last season.

From India we shall probably get more than last season, though not very much more, as we commence with 50,000 bales less afloat than a year since. A full estimate would be 1,350,000 bales, against 1,220,000 last season; only an important advance in prices will bring more. The last Egyptian crop was a bumper, but a diminished yield is expected this season, owing to unfavorable conditions; the probable deficiency is variously estimated at from 40,000 to 60,000 bales. A reduction of 50,000 bales from last year's import into Europe would leave 414,000, so that 420,000 bales would be a liberal estimate of the arrivals for 1876-'77. The Brazilian supply is gradually dwindling away, owing to the constant fall in prices; in 1872 the import exceeded 1,000,000; last season it was only a little over 400,000 bales! It is not unlikely that there is a reserve stock which an advance in prices would bring out, and as we contemplate some improvement upon present rates, we shall estimate the Brazilian import for 1876-'77 at 500,000 bales. From all other sources we shall probably get 200,000 bales (against 220,000 last season), say 90,000 from sundry Mediterranean ports, and 110,000 from the West Indies, Peru, &c.

A recapitulation of the foregoing gives the following as the probable import in bales and pounds in 1876-'77:—

	Bales.	Weight.	Pounds.
American.....	2,950,000	440	1,298,000,000
East Indian.....	1,350,000	370	499,500,000
Egyptian.....	420,000	600	252,000,000
Brazilian.....	500,000	160	80,000,000
Sundry Mediterranean.....	90,000	350	31,500,000
West Indies, Peru, &c.....	110,000	200	22,000,000
Total.....	5,420,000	402.7	2,183,000,000

SUPPLY, DEMAND AND PRICES.

We have shown above that the consumption of Europe in 1876-'77 will probably reach:

	Pounds.
For Great Britain.....	1,297,000,000
And for the Continent.....	1,009,000,000
Or a total of.....	2,306,000,000
To meet which we have a supply of.....	2,183,000,000
Shewing a deficit of.....	123,000,000
Deduct the surplus held by Continental Spinners.....	65,000,000
Leaves a net deficit of.....	58,000,000

or about 145,000 bales of 400 lbs. each. This result comes out upon the basis of an American

crop of 4,350,000 bales, and liberal estimates of supply from other quarters. If the American crop should reach 4,500,000 bales, or 150,000 more than we calculated upon, there will be no more Cotton than Europe requires to leave the stocks in the ports twelve months hence where they are now, and no surplus in the hands of spinners. But suppose the American crop, instead of reaching 4,500,000, or even 4,350,000, should only reach 4,150,000, to say nothing of still smaller figures contemplated by many Southern firms? With dull trade and unsettled politics, our estimated supply, as given above, would probably meet the requirements of the world without necessitating any serious advance in prices; but what would be the effect of a general revival of trade and a settlement of the Eastern question?

We have indicated the various influences likely to affect the course of prices, and we shall leave our readers to draw their own conclusions from the facts and estimates laid before them. An uninterrupted succession of commercial and financial disasters since 1872—in this country, in America, and on the Continent—has so thoroughly demoralized the public mind, and so completely soured the disposition of the commercial community, that the mere suggestion that we are on the eve of a better state of things is almost universally pooh-poohed; nevertheless, we are strongly disposed to take a hopeful view of the future, and as prices are very low, and the prospective supply less than the probable demand, we look for an advance in prices during the course of the season.

Messrs. ELLISON & Co. have just issued a further report, coming down to the 1st of January, or three months later than the date of the foregoing. From it we make the following extracts:

STATE OF TRADE ON THE CONTINENT.

Since the issue of our October Annual Report, in which we reviewed in detail the condition of the Cotton industry in each country on the continent, trade has, with a few exceptions, undergone some improvement. Business in *Russia* has continued very unsatisfactory, owing to the financial crisis and the fear of war; and, as a rule, the mills have not been working more than three or four days a week. The reports from *Switzerland* are also less favorable than could be desired; and the trade of *Holland* is still dull, though better than a few months ago. Business in *Germany* is not so good as could be wished, owing chiefly to the slowness with which Yarns and Goods have responded to the recent rise in the raw material, but the tendency is towards amelioration. The reports from *France*, *Austria*, *Spain*, *Italy*, *Belgium* and *Sweden*, state that trade is decidedly better. With reference to *France*, it is worthy of note that the import and deliveries at Havre have been the largest on record at that port—the total deliveries for the year being 742,000 bales, including 157,000 bales exported, of which 25,000 bales came to Liverpool. These 25,000 bales consisted chiefly of the lower grades of American, which for several months past have been very scarce here.

PROBABLE COURSE OF PRICES.

If we were certain that the supply for Europe would [considering the bearing of advices up to the present] fall nearly 600,000 bales behind the requirements of consumers, we should look for a very sharp advance in prices; but an important rise would tend to bring about a very material change in the figures. Supply would be stimulated, and consumption retarded, and it might be that the two sets of figures would be brought much closer toge-

ther than is shown, by a difference of 600,000 bales. But in order to diminish this apparent deficit, some rise in prices must take place: the only question is the extent of the advance.

In our Autumn Annual we stated that we anticipated some improvement in prices as the season advanced. Since then a rise of 1d. per lb. has taken place; and as there is no fibre which can compete with Cotton at 7d. per lb., for clothing and sundry other purposes, consumption will continue to increase, and if the supply does not increase in the same ratio, but on the contrary falls short of the world's wants, prices must advance until consumption is checked. We offer no opinion as to the extent of the advance which will be necessary to restore the equilibrium between supply and demand. That may depend upon circumstances outside of the Cotton Market, such as the fall in silver, which depressed prices last year, or political complications in the East, which may have the same effect this year. All that we can say is, that even with an American crop rather larger than our estimate, Middling Upland is not likely to rule much below 7d., while with settled politics, and revived trade in Russia, and other portions of the Continent, at present depressed, a figure much above 7d. may be witnessed.

The times have generally been very hard for the past three years, and all interests subjected to a most painful strain. How has Cotton fared under this pressure? Consumption in the United States has steadily increased. In 1870-'71, when times were comparatively flush, the consumption reached 1,100,196 bales; in 1873-'4 (the year of the panic), it was 1,305,943 bales; in 1874-'5, 1,207,601 bales; and in 1875-'6, (corrected figures) 1,356,598 bales. This is the first element of comfort to our Cotton growers. The consumption in Great Britain in 1874-'5, was, of American, 1,606,000 bales, all other kinds, 1,471,000 bales; in 1875-'6, 1,948,320 bales of American; of all other kinds, 1,068,990 bales. While her total consumption in 1875-'6 was 59,690 bales *less* than in 1874-'5, her *increase* in consumption of American, in 1875-'6, was 342,320 bales over 1874-'5. This is the second element of comfort to our Cotton growers. On the Continent, the consumption in 1874-'5 was, of American, 981,000 bales; all other kinds, 1,360,000 bales; in 1875-'6, of American, 1,184,230 bales; all other kinds, 1,368,940 bales. While her total consumption, in 1875-'6, was 212,170 bales over that of 1874-'5, 203,230 bales of this increase were American; and this is the third element of comfort to our Cotton growers. Here we may present an extract from the letter of our friend on the Continent, heretofore referred to: "If, as seems likely, your crop will turn out 10 per cent., or more, below last season's, the average price of Middling, during the present season, will certainly range above 6 pence in Liverpool. Your question as to the future is pretty nearly the same which you addressed to me some time ago, 'Will Cotton be King again?' It is answered in part by Ellison's figures, which show that, with low prices, the import of India and Brazil Cotton into Europe, has declined very materially. If you can produce Cotton *enough*, 'all other sorts' will not exactly disappear, but the consumption will gradually

dwindle down to what it was before your war. IT IS ALL A QUESTION OF PRICE. You may take it as an axiom that the working value of good clean Surats is 75 per cent. of Middling American, say as $4\frac{1}{2}$ is to 6 pence. When Surats are cheaper in proportion they will be preferred for certain low numbers.

“The import into Europe of ‘all other sorts;’ that is, of all Cotton except that from North America, shows the following, at certain points, since your war :

			Average price of Fair Dhollerah, in Liver- pool, during season.
Import “all other sorts,”—year	Bales.		
1865-’6	3,166,000		$10\frac{7}{10}$ pence
“ (largest) “ 1871-’2	3,680,000		$7\frac{6}{10}$ “
“ “ “ 1874-’5	2,711,000		$5\frac{1}{10}$ “
“ “ “ 1875-’6	2,306,000		$4\frac{4}{10}$ “

It is therefore most likely that the supply of ‘other sorts’ will continue to decrease if prices, on an average, shall continue to rule near $4\frac{4}{10}$ pence, for Surats, and $6\frac{2}{10}$ pence for Middling Orleans. As to prices, speaking generally, it is of no use to look back to former times, when Middling Orleans was often sold at 4 pence, and sometimes under. At those times the supply, that is, the stock remaining in ports of Europe, at end of season, (30th September,) amounted to 55 per cent. of consumption of season in 1843; 61 per cent. in 1844, and 50 per cent. in 1845, whereas the proportion, at the end of the last four seasons, say 30th September, 1873, 1874, 1875 and 1876, was only between 21 and 24 per cent.*

“The average price of Middling Orleans in Liverpool was, during the eleven seasons from 1849 to 1860, $6\frac{3}{10}$ pence; the five seasons, from 1855 to 1860, $6\frac{2}{10}$ pence, (lowest, $5\frac{3}{8}$ pence, highest, $9\frac{5}{16}$ pence.) From which I infer that, during the next few years, Middling Orleans cannot fall, however large may be your crops, below 6 pence, except under peculiar political or financial difficulties, for, so to say, a day or two.”

We find, looking at the consumption of Great Britian last year, that in

*We submit the following memorandum, from the *New York Tribune* :

“In some general remarks at the close of tables giving the details of the inter-State movement, *The Financial Chronicle* calls attention to the controlling feature of the year, namely, the accumulation of stocks in the manufacturers’ hands. This phenomenon in England is attributed by a writer in a Liverpool paper to the increased facilities of communication between nations. Formerly the India firms were accustomed to hold large stocks for distribution, because if they ran out they could not obtain a fresh supply speedily. By means of the Suez canal all is changed. The firms can get along with small stocks, as goods can now be ordered and arrive in from six weeks to two months. The accumulation of goods therefore now takes place in manufacturers’ hands instead of the India merchants. The writer claims that this has given the appearance of over-production, when in fact there is no over-production. Without wholly accepting the conclusion, the report points to the fact that it has already been proved that the alleged over-production in this country has not really existed. Prices have been unsatisfactory, but the mills have distributed nearly the usual amounts of goods. The accumulation of a surplus stock at the mills, formerly held everywhere over the country, gave rise to the allegation of over-production.

spite of the stoppage of machinery at Oldham, and other points, the consumption was 2 per cent. in excess of that for the year 1875. In fact, Cotton is so much cheaper than any other fibre whatever, suited for the clothing of man, that the increase of consumption is limited only by the increase of population. Whether wars, or financial troubles, or other drawbacks, supervene, the consumption goes steadily on.

In the general result of our crop, considered in respect of pounds, "Sea Island" makes a very insignificant figure. The largest crop grown since 1826 was that of 1859-'60, when Florida produced 14,955 bags, Georgia, 18,659, and South Carolina, 18,801,—altogether 52,413 bags. Since the war the condition of things has been so wretched on the Sea Islands that the *whole* crop has dwindled down (in 1875-'6) to only 14,996 bags; or Florida, 8,950 bags, Georgia, 1,213, and South Carolina, 4,833. This Cotton, excelling all others in beauty, might, it would seem, under proper auspices, reach a figure higher than that of 1859-'60; but how the demoralization that has prevailed, for so many years, in its *habitat*, is to be cured, is a problem altogether beyond our ability to solve. These islands form a region where the reign of the accursed carpet-bagger has been well-nigh supreme. Besides the "Sea Island," there are four other varieties of long staple regularly set in the trade, namely, Egyptian, Brazilian, Peruvian and West Indian. But when "Sea Island" brought 23 pence, the others ranged (observing the above order) at 11½ pence, 11¼, 11½ and 11 respectively. New Orleans Middling brought, at the same time, 11 pence, Mobile Middling 10⅞, and Middling Uplands, 10⅞. In other words, as between the long staple varieties (excepting "Sea Island") and the best short staple, the difference is hardly more than appreciable. In 1874-'5, the whole of Europe took for consumption, 1,615,000 bales of East Indian, and 1,216,000, of all others, excluding American; and in 1875-'6, 1,395,010 bales of East Indian, and 1,042,920, of all others, excluding American. Looking generally at the tendency of the trade since America came in again to claim a place and we find that practically it is within the reach of her ability to *supplant all of the rest*.

Has *any* people, since the world began, possessed such an advantage as we do in this behalf? The efforts of the COTTON SUPPLY ASSOCIATION, of Manchester, England, to find countries that could be substituted for our Cotton States, in the production of this staple, were no child's play. The world has seldom witnessed greater vigor, and thoroughly well-directed at that, than this Association exhibited. The *Cotton Supply Reporter* is the record of these endeavors, and no Englishman can look through its pages without increased admiration for his country. But these labors had no permanent result; they could not have with American energy earnestly at work,—and we see nothing, now that the question of negro slavery has

been forever disposed of, that can fatally interfere with the free play of this energy in the future. We have an enormous range; even with the present consumption (almost 7,000,000 of bales), we have yet to make over 2,000,000 of bales in excess of our greatest crop (1859-'60, 4,861,292 bales), to supply the world's demand for this staple. The crop of 1869-'70 was the first crop since the war that reached 3,000,000 of bales. The *Cotton Supply Reporter*, commenting on it in 1870, said: "The prediction of Mr. REVERDY JOHNSON that 'when free labor should be properly developed and organized, Manchester would rejoice, not only in four or five, but in a few years, in six or seven millions of bales from America,' seems no longer to be beyond the range of possibility. Whilst we behold with wonder the energy displayed, and rejoice in its results, the question as to how far other Cotton growing countries, and especially India, may be able to cope with this formidable rivalry is to us of the deepest interest. 'America,' we are told, 'is the home of the Cotton plant, and the Southern States the only country where Cotton can be produced successfully and regularly without resorting to artificial means of irrigation.' Without admitting this to be absolutely true, it cannot be denied that special advantages belong to America, as a Cotton producing country, and that the planters not only greatly surpass the ryots of India, in energy and enterprise, but have also a decided superiority on account of their extensive knowledge and experience as Cotton growers. They still retain undiminished all the natural advantages, which they have so long enjoyed, for the cultivation of their great staple."

This confession finds confirmation in India itself. The *Mofussilite*, one of the liveliest newspapers published in India, after looking at what has been accomplished in our Cotton States, since the war, exclaims: "This, be it borne in mind, is the result of American enterprise within the last few years, for hardly over half a dozen years ago, the Southern States lay bleeding and exhausted, at which time many thought it would take at least a generation to enable America to regain her former position." At that very time, India had exported £30,000,000 worth of Cotton in one year, while sad to relate it only equals about half that amount at present; so, does not common sense tell us that America threatens, at no very remote date, to absorb the whole of the Cotton trade, and India will be shut out from one of the most important branches of commerce, while during this very period the financial state of India is becoming worse and worse. India can only hold her own in the civilized world by increasing her exports, and this we believe can be effected by improving her agriculture."*

* BELIEVING it will be of interest to our friends to see the progress of the trade of British India, we present in the following (from the *Statesman's Year Book*, London, 1875,) a

The *Delhi* (India) *Gazette* speaks in the same strain: "We have on several occasions lately, shown that America has of late years been making such rapid strides to regain the Cotton trade, that there is danger of India losing a trade which has been equalling £20,000,000 sterling, some four-fifths of which went to the agricultural community, who are the chief tax-payers in India. If the increase of the produce supply in America only opens the eyes of those connected with the trade out here, India will have no cause to repent that there was a time when she ran great danger of losing this important branch of commerce, for we feel confident that if proper exertions be only now made, she will be able to retain her share of the trade. The

statement of her imports and exports, from 1864 to 1873 inclusive, with some details referring to them. These figures speak for themselves:

Imports into British India from 1864 to 1873 inclusive.

YEARS.	Merchandise.	Treasure.	Total Imports.
	£	£	£
1864	27,145,590	22,962,581	50,108,171
1865	28,150,923	21,363,352	49,514,275
1866	29,599,228	26,557,301	56,156,529
1867	29,038,715	13,236,904	42,275,619
1868	35,397,832	11,730,459	47,128,291
1869	35,193,767	15,149,424	50,943,191
1870	32,927,579	13,954,807	46,882,386
1871	33,413,905	5,444,823	38,858,729
1872	31,083,747	11,573,813	42,657,560
1873	31,260,561	4,556,585	35,817,146

Exports from British India from 1864 to 1873 inclusive.

YEARS.	Merchandise.	Treasure.	Total Exports.
	£	£	£
1864	65,625,449	1,270,435	66,895,884
1865	68,027,016	1,444,775	69,471,791
1866	65,491,123	2,165,352	67,656,475
1867	41,859,994	2,431,503	44,291,497
1868	50,045,849	1,481,739	51,527,588
1869	52,316,486	1,390,344	53,706,830
1870	52,471,375	1,042,352	53,513,727
1871	55,331,825	2,220,765	57,552,590
1872	63,175,847	1,476,093	64,661,940
1873	55,227,495	1,298,079	56,525,574

"The chief articles of export from India to England, in the year 1873, were: Raw Cotton, value £9,812,086; jute, value £3,560,880; rice, value £3,055,465; indigo, value £2,029,850; and tea, value £1,522,193. The raw Cotton exported from India to England, in 1867, amounted to 4,443,148 cwts., value £13,956,947; in 1868, to 4,398,119 cwts.,

reply as to how we can retain our share of the trade is simply answered, for we have only to improve the agriculture. There remains nothing for us but doubling the yield if we are to retain the European Cotton trade."

Mr. RIVETT-CARNAC, from whose report, as *Cotton Commissioner for the Central Provinces and the Berars, India*, we quoted quite largely in our publication of last Spring, writes us that his office has been abolished, "as it was no longer considered necessary," and that he has been assigned to other duty. In general, we observe that not even India stands in our way if we will that it shall be otherwise.

value £15,975,569; in 1869, to 4,284,334 cwts., value £18,342,887; in 1870, to 3,041,165 cwts., value £9,943,674; in 1871, to 3,843,491 cwts., value £11,711,349; in 1872, to 3,934,546 cwts., value £12,862,300; in 1873, to 3,728,986 cwts., value £9,812,086.

"The chief articles of British produce imported into India, in 1873, were Cotton goods, value £15,020,646; and iron, value £1,179,093. The imports of Cotton manufactures, averaging two-thirds of the total British imports into India, were of the value of £12,519,786 in 1867; of £13,896,486, in 1868; of £10,850,509, in 1869; of £12,835,744 in 1870; of £13,101,645, in 1871; and of £13,078,831, in 1872.

"Next to the United Kingdom, the countries having the largest trade with India are China and Japan, the imports from which average £8,500,000, per annum, while the exports to them are of the average value of £12,000,000."

The internal commerce of India has been vastly developed of late years by the construction of several great lines of railway, made under the guarantee of the government. Despite the help afforded to India by the construction of these railways, her cotton trade continues to decline; and we who have been so battered, at all points, are doing the work.

In the matter of railway construction in India, the following will not be uninteresting: The average cost per mile of constructing the railways now in operation in India (*Statesman's Year Book, London, 1875*.) was £16,536 or \$82,680. According to "*Poor's Manual of Railroads, U. S.*," the cost per mile of construction in the United States has been: NEW ENGLAND STATES, \$50,418; MIDDLE STATES, \$79,427; WESTERN STATES, \$50,550; and SOUTHERN STATES, \$36,575. Considering the cheapness of the ryots' labor in India, as compared with the price of labor in the United States, and we are astonished at this comparison; for this difference cannot be laid wholly to excess of cost of iron and other supplies over that paid by the United States. This, however, calls to mind a conclusion of the late Mr. THOMAS BRASSY, the most eminent railway builder the world has ever seen. We give it in the words of his son, Mr. THOMAS BRASSY, M. P.: "The lesson derived by my father from his great experience as an employer was, that the best paid workmen are generally the best, and the worst paid the worst. It was my father's fortunate lot to be among the first who directed their attention to the construction of railways. As the pioneer of the present generation of railroad contractors, he undertook large works in every country of Europe, and, Africa excepted, in every quarter of the globe. With such rare opportunities of estimating the relative efficiency of the laborer of many races, and under every vicissitude of climate, the conclusion at which he arrived was this—*that the cost of labor was practically the same in all countries*. The proportionate cost of skilled and unskilled labor may vary; but where there was no exceptional disturbing cause, as from the sparseness of population in a sterile or unoccupied region, the cost of labor was in all cases calculated at the same amount, and the soundness of the calculation was borne out everywhere by the result,"

How was this state of things brought about, which has not only astonished the India newspapers, quoted above, but the whole world? "No political revolution, no change from a monarchy to a republic, or the reverse, no downfall or elevation of dynasties with the wars precedent to or consequent thereon, ever so universally affected the people, among whom they occurred, as the abolition of slavery has affected the people of the South."—(HOWARD). It was so interlaced through our whole body-politic as, when torn out, to leave us well-nigh helpless. Nor did the trouble stop there; the General Government, with a fiendish pleasure, has left no effort untried, down to this day, to render our situation one of supreme wretchedness. And yet we have striven for a living, *and have succeeded*. We have made sugar, and rice, and naval stores, and tobacco, and crops of Cotton much beyond 4,000,000 of bales. The same unflinching courage and fortitude that carried us through a war, unparalleled in modern times, for disparity of numbers and equipment, have enabled us to keep on our feet in the terrible years that have dragged on since that struggle closed. A few years ago, an English gentleman of great intelligence, and well acquainted with the Cotton trade, made a tour of observation through the Cotton States. He sent the results, from time to time, to the newspapers in Manchester, England. In one of his letters occurs the following: "Great attention is being paid to manures, and instead of Cotton being grown on large plantations, it is cultivated on a small scale by men, many of whom never grew a bale before the war. These men till the lands themselves, and by cultivating only a small area they can pay more attention to their crop than if they owned an extensive tract. Thus you see *it is white labor which produces Cotton now rather than black*." This matter of the white man at work is the first reason for this great result; and nothing could have been more effective, in this direction, than the handsome premiums offered since the war by our agricultural societies in the South, to provoke our white boys to individual effort. We want no better addition to our own labor than the "negro managed." The effort to make more than a child of him has failed everywhere else; why should it succeed in the United States? The poor soul has been used by the minions of the Government, sent down to afflict us, until in many quarters, his usefulness has been almost destroyed; indeed, made a curse instead of a blessing.

But there is another reason for this result that we cannot overlook, and that lies in the use of chemical manures, both as a labor-saving contrivance and an improver of our upland staple. With the negro, through the pernicious influences to which he has been subjected, unreliable to the last degree, a very considerable return, under the prosecution of old methods, was rendered impossible. The example, in this emergency, of the remarkable results obtained in Europe, from the discreet use of concentrated manures, was not

lost on our Cotton country. Their convenient shape. and the ease with which they could be applied, at once commended them to very general employment. Our Cotton production before the war, pushed with vigor, and aided by ample labor under perfect control, and every other necessary appliance, failed to give results greater than is now accomplished, year after year, with our general economy in a shape far from systematic or satisfactory. Chemical manures, in fact, can boast nowhere a greater triumph, as a labor-saving contrivance, than in our Southern country. As to their beneficial effect, in the improvement of the quality of our upland staple, we cannot do better than submit a letter we have received, on this point, under date of 20th ultimo, from Mess. REYNOLDS BROTHERS, Norfolk, Va., perhaps the largest buyers and shippers of Cotton, outside of New Orleans, in the United States. (Norfolk is now the second Cotton port, in number of bales received, in this country). They write: "Some years ago, before fertilizers were extensively used in North Carolina and Virginia, there was a great prejudice amongst Northern and European manufacturers against Norfolk Cotton, so much so, that we found difficulty in obtaining orders; but we are pleased to say that, of late years, this prejudice has not only been removed, but a preference is given to Norfolk Cotton over other upland qualities. Our friends in Liverpool have told us that, in many cases, they could obtain as much for it as for Gulf Cotton; in fact, during the past year they could obtain a slight advantage, in selling "arrival" Cotton, when they stipulated it would be from Norfolk. We attribute this improvement in staple to better care than formerly in cultivation, and to the liberal use of concentrated fertilizers." Regions that used to be esteemed as beyond the limits of successful culture, are now brought into full play through the agency of these manures. The crop is advanced several weeks ahead of what was possible in those locations under the old methods, and the staple, therefore, enabled to fully mature. In Arkansas, the past season, through the failure of the bolls to open in time, the crop was held to be cut short one-half. With the aid of a good concentrated manure, the bulk of them would undoubtedly have been brought in. But these conclusions are not confined to Mess. REYNOLDS BROTHERS, by any means. As early as 1869, Mr. B. F. NOURSE, of Boston, *Cotton Commissioner of the United States to the Paris Exposition*, observed, (in his report,) that "commercial fertilizers had a marked effect in the increase and better quality of the Cotton produced, and this was as apparent on the light and much worn lands of the Carolinas and Georgia, as upon the heavier and fresher lands further west." * * "It might be useful, did space permit, to notice in detail other movements in progress for the improvement of Cotton culture, prominent among which would stand the valuable experiments in 'improvement by selection of seed,' from year to year, always guided by rules which define the object sought—in Cotton,

spinning qualities, such as length, strength, fineness, and the cohering together of the fibres; rapid growth and early maturity of the plant, and a habit of yielding well." Again: In July, 1870, the Council of the COTTON SUPPLY ASSOCIATION, Manchester, addressed a memorial to the Brazilian government on Cotton production in that Empire. In it we find the following: "The Council desire to suggest that every facility should be afforded to the growth of Cotton, in the Empire of Brazil, by promoting the improved systems of cultivation now in practice in the United States, namely, the employment of manures called fertilizers, and the use of agricultural implements calculated to economize labor, so that should the price of Cotton decline this may be as much as possible counterbalanced by the reduced cost of production." In addition, then, to the observation of those in the South, whose business it is to handle this crop largely, as buyers, of what is due to concentrated manures, we have the testimony, in confirmation, of the two great centres of the Cotton manufacture, Boston and Manchester.

What now is necessary to enable us to make entirely available the great advantages we possess? The first absolute essential is *good local governments*. We have seen repeatedly, since the war, from the pens of those recognized at the North, as the exponents of its opinion, this expression: "the heresy of States-rights." We imagine the aspect of things since the election will have the effect to modify the *animus* of this expression very materially. The Xth amendment to the Constitution of the United States reads as follows: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." On which Justice STORY makes this comment: "The one is to *imply* all powers, which may be useful to the National Government, which are not *expressly prohibited*; and the other is, to deny all powers to the National Government, which are not *expressly granted*. We have already seen that there are many implied powers necessarily resulting from the nature of the express powers, and it is as clear that no power can properly arise by implication from a mere prohibition. The government of the United States is one of limited powers; and no authority exists beyond the prescribed limits marked out in the instrument itself. Whatever powers are not granted, necessarily belong to the respective States, or the people of the respective States, if they have not been confided by them to the State governments." With authority as august as this to justify us, we cling to "the heresy of States-rights;" yea, go further, and say that unless the people throughout all of these United States stand to these rights, they bid fair soon to be without any rights at all.

With the General Government out of the hands of those who have for so many years wielded its power to the detriment of the general interest, and especially of the South, we may look for better times. The carpet-bagger

will leave our soil, because the negroes will cease to be under his control, when we will have the means at our command of arranging our labor matters in a way to bring the best return to both employer and employed. This done, the self-sustaining policy, already under way with our people, will manifest itself in a mixed husbandry, intensive will take the place of extensive farming, domestic and concentrated manures will be used to the best advantage; in short, investing the word labor with an honor never assigned it in the past, we can build up within our borders such a prosperity as this country has never witnessed before. If, as is shown by a comparison between the results of the census of 1850 and that of 1860, the Cotton States trebled their wealth during that period, why should not we, with prices for our staple, much better than were then secured, and under a system of management organized to suit our surroundings, do at least reasonably well? The prize is certainly worth our best effort.

As evidence of real improvement in our general condition South, we present the testimony of the *Commercial and Financial Chronicle*, of New York, a journal regarded by the trade, both in Europe and America, as especially well advised in Cotton matters: "In the South there have been no marked changes in the Cotton manufacturing business. Some new mills have started up, but others have suspended, while still others have been running on short time. Taken together, we find no material alteration in the consumption of Cotton. This industry has now secured a strong hold in that section, and is certain to make very decided progress in future years, as it is proving more clearly, each succeeding twelve months, how profitably it can be prosecuted there. And in this connection the improved condition of the South is an extremely hopeful feature in the industrial outlook for the whole country. We do not mean that every man there is accumulating wealth. They are doing better than that;—they are accumulating ideas of economy in production, which, in the end, must inevitably not only lead to individual profit, but show to the world the wonderful capabilities of that richly favored section. As an immediate result of an improved policy, it will be found that the Cotton crop now about to be marketed more nearly belongs to the planter than any previous one, while his food also is, to a much greater extent than ever before, of his own raising." A friend, in Boston, thoroughly posted in connection with the American crop, wrote us, under date of Christmas day last, the following, in this direction: "It is well to note, that while *the crop* is quoted on the grade of Middling at $1\frac{1}{4}$ cents average lower than a year ago, and opened about $2\frac{1}{2}$ cents lower, the average price which the producers will have received from the whole crop will not vary materially per pound from the average received for the last previous crop, and may be a little higher, because of the extraordinary high grading of this crop. Any deficiency then in the sum total to producers

will be from reduction in the pounds produced, and not in the average price per pound, though the apparent quotation would show otherwise. Cotton growers were very successful in saving food crops in 1875, and had not to expend, and borrow to expend, in the purchase of corn, &c., what capital was needed to make their Cotton. Again this year they have done well in crops of subsistence, and in large areas have added one hundred per cent. to the production of pork, bacon, &c. They approach the season of 1877 *more independent than ever before.*" The following will show one important point in which we are beginning to take care of ourselves: The West packed, in 1876, 104,915,867 pounds *less* pork than it did in 1875. This is the reason assigned: "The Provision trade, owing to falling prices during most of the year, proved less profitable than usual; and on account of the political complications in the Southern States, the demand for distribution has for several months been interfered with." When we see domestic pork for sale in the town stores, as we have of late, we may reasonably conclude that the man who sold it had more than was needed to sustain his family. This policy persevered in, (the day is dawning when it will become generally possible,) and we will find ourselves not only without reason for despondency, but with hearts full of thankfulness for the plenty vouchsafed us.

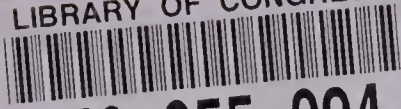
Again: When capital has the assurance that it will not be taxed out of existence by irresponsible legislatures, such as have cursed the South for so many years, it will not be slow to avail itself of the advantages our section presents for manufactures of all kinds. We will no longer continue in the category of those of whom it has been said: "It was an old and a true jest of the manufacturing countries, at the expense of those who supplied them with raw materials, and took manufactures in exchange, that these latter 'sold the hide for sixpence and bought back the tail for a shilling.' Take the case of a planter, who raises both Cotton and breadstuffs for exportation, as the best illustration of the position of the whole country. His Cotton is worth from ten to twenty per cent. more at the Manchester mill than when it left his plantation; so much has been absorbed by the cost of transportation, and of the whole bulk some ten per cent. is thrown out by the spinner as waste. His corn is worth four times as much in Manchester, being far bulkier in proportion to its value, and he has no means to raise its price above one-fourth of what it ordinarily sells for in England, as it there comes in competition with the harvest of England and the world. But it goes to feed Manchester work-people, and is therefore part of the raw material of the Cotton goods that come back to clothe his family and his work-people. He brings it back, in buying those goods, paying a dollar for what brought him twenty-five cents, and another dollar for what brought him eighty cents. And then, besides, he must pay the cost of bringing it back from Manchester

to his plantation. He had better have employed people to spin and weave his Cotton, and consume his corn at home, even though their money-cost were much greater than that of Manchester goods. For as he is both a producer and a consumer, his interest is in the comparative price of the two classes of goods, not alone in the cheapness of that which he buys. When England began the manufacture of Cotton goods, India could supply her with Cotton at a third the cost of home-manufacture, and indeed their import was a chief business of the East India Company. But by strenuous protective measures she developed the skill of her people, secured the invention of better machinery, and made great accumulation of capital. The tariff of 1819 still prohibited the importation of Cotton goods made East of the Cape of Good Hope, and imposed from 50 to 67 per cent. *ad valorem* duties on those that were made in Europe. She can now carry the Cotton of Hindostan and America over land and sea, spin and weave it into stuffs, and then carry it back to undersell the American and the Indian manufacturer, who sees the staple growing under the windows of his factory. Having reached this point, she throws off all protective duties, and invites the world to imitate her magnanimity. On her small area she has gathered machines that do the work of four hundred and fifty millions of people. Vast accumulations of capital, and the command of money at a low rate of interest, have enabled her to watch the shifts and changes of the market, to destroy hostile competition by temporary sacrifices, and to undersell every foreign manufacturer at will."

An old friend, acquainted with the Cotton region since his childhood, writes us: "Why should we cultivate fifty acres if, with better management, we can get as great a yield from twenty? This is the only way to Cotton of low cost of production, to monopoly of Cotton production in our country; to successful competition of the old worn-out lands of the East with the new rich lands of the West,—and more than all, of enabling and forcing diversity of production when accumulating wealth and labor shall demand other employment and investment than in Cotton fields, tobacco lots, or even the whole field of agriculture. The wealth buried in the mountains must be brought out as well as that in the low-lands, and both must drive thousands of factories. To this end, the dignity of labor, *the nobility of personal independence self-earned*, the simple honesty of thrift, must be inculcated, nay more, made popular." To all which we give our heartiest assent; who that thinks of these things will do less?

We have but this to say, in conclusion, to our friends in the Cotton country: you have a weapon of unsurpassed quality, which, skilfully wielded, will enable you to withstand all comers. Let not this weapon rust from lack of use.

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